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TO RUEHC/SECSTATE WASHDC IMMEDIATE 8303
INFO RUCNASE/ASEAN MEMBER COLLECTIVE
RUEHZN/ENVIRONMENT SCIENCE AND TECHNOLOGY COLLECTIVE
RUEHBY/AMEMBASSY CANBERRA 1592
RUEHBJ/AMEMBASSY BEIJING 2078
RUEHKA/AMEMBASSY DHAKA 5023
RUEHNE/AMEMBASSY NEW DELHI 5076
RUEHUL/AMEMBASSY SEOUL 8674
RUEHKO/AMEMBASSY TOKYO 6243
RUEHCN/AMCONSUL CHENGDU 1616
RUEHCHI/AMCONSUL CHIANG MAI 1890
RUEHCI/AMCONSUL KOLKATA 0464
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C O N F I D E N T I A L SECTION 01 OF 03 RANGOON 000818

SIPDIS

STATE FOR EAP/MLS; INR/EAP; OES FOR JMOTKE AND ACOVINGTON;
EAP FOR JYAMAMOTO; EEB FOR TSAEGER
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E.O. 12958: DECL: 10/21/2018
TAGS: [ECON](#) [ENRG](#) [PGOV](#) [SENV](#) [BM](#)
SUBJECT: BURMA: YEI YWA DAM NEAR MANDALAY ALMOST COMPLETE

REF: A. RANGOON 815
[1](#)B. RANGOON 348

RANGOON 00000818 001.2 OF 003

Classified By: Economic Officer Samantha A. Carl-Yoder for Reasons 1.4
(b and d)

Summary

[1](#)1. (C) After three years of construction, the Yei Ywa dam, located 30 miles southeast of Mandalay, is nearing completion. Built by the Ministry of Electric Power-1 (MEP-1), local construction firms Asia World and Olympic Construction, and a consortium of Chinese companies, the dam and connecting hydro plant will have an estimated installed capacity of 790 megawatts a day. Construction officials estimate that the project will cost more than USD 75 million, most of which will be paid for by the Chinese. While the GOB claims that all electricity produced by the Yei Ywa hydro plant will be used to power Mandalay, construction officials confirm that China will receive nearly three-quarters of the electricity produced. MEP-1 predicts the dam and hydropower plant will be operational by the end of 2009. End Summary.

Will the Yei Ywa Dam Meet Mandalay's Needs?

[1](#)2. (SBU) Mandalay, Burma's second largest city, has a population of approximately one million inhabitants and more than 10,000 businesses. According to Mandalay City Development Corporation (MCDC) officials, Mandalay receives only 130 megawatts of power a day, less than one quarter of the city's needs. New construction projects and business

expansion in the region have placed increased pressure on Mandalay's finite electricity resources; local businesses receive less than six hours of power a day, forcing them to rely on generators for power.

13. (C) To meet Burma's electricity needs, the Ministry of Electric Power-1 (MEP-1) is constructing dams along Burma's rivers, working with local, Thai, Indian, Japanese, and Chinese companies to share costs (Ref A). Approximately 30 miles outside of Mandalay, Ministry of Electric Power-1, partnering with Burmese construction companies Asia World (owned by Steven Law) and Olympic Construction (owned by Eike Htun) and more than five Chinese companies -- including China Gezhouba Group Col, Sinohydro, China International Trust and Investment Col, China National Heavy Machinery Co. (CMHC), and the Yunan Power Grid Co. -- is constructing the Yei Ywa dam and hydropower plant. Located on the Myitngwe River, a tributary of the Irrawaddy River, the Yei Ywa dam is expected to be operational by 2009 with an estimated installed capacity of 790 megawatts a day during rainy season.

14. (C) When complete, the dam will stand 132 meters tall and hold up to 182 meters of water before the spill gates must open. (There is a large drop of more than 50 meters directly behind the dam.) According to Kyaw Win Aung, an executive engineer with High Tech Concrete, a subcontractor on the project, the hydropower plant will need a minimum of 150 meters of water behind the dam to run the turbines and generate electricity. MEP-1 officials predict the dam will operate at full capacity during the rainy season (May-November). During the dry season, it may take up to one month to reach minimum water capacity. Thus, MEP-1 estimates that the Yei Ywa Dam, one of the largest in Burma to date,

RANGOON 00000818 002.2 OF 003

will be operational an average of nine months of the year.

15. (C) According to Kyaw Win Aung, MEP-1 will run the dam and power plants upon completion, but will provide up to 75 percent of the power generated to the Chinese as payment for dam construction. To date, he noted, Chinese Heavy Machinery Co. (CHMC) has imported machine equipment worth more than USD 45 million, which per the joint venture agreement will belong to the GOB after the project is complete. While smaller Burmese companies working as sub-contractors on the project should receive cash payment for work performed, Asia World and Olympic Construction will receive vehicle import permits and other concessions as compensation, Kyaw Win Aung stated. (Note: This is a normal business practice. Vehicle import permits are worth more than USD 250,000 on the local market. End Note.)

Displacing People and the Environment

16. (C) The Yei Ywa dam project has already affected the surrounding area's environment. During our visit to the dam, we observed several miles of flooded land behind the dam that has not only destroyed the natural habitat but also displaced local villagers who previously lived along the banks of the Myitngwe River. According to Kyaw Win Aung, to reach a depth of 150 meters, the dam will inundate up to 175 miles of land upstream. Downstream, the river will contract, resulting in a shortage of fresh water. According to Myanmar Ivanhoe Copper Co. Ltd. (MICCL) Acting Country Director Glenn Ford (who took us to visit the dam), local villagers have already complained to Ministry of Electric Power-1 officials that they will lose their fishing and farming livelihoods as water becomes scarce downstream.

17. (C) The area surrounding the Yei Ywa dam was relatively clean, with no visible waste or dump sites. Companies had large signs in Burmese, Chinese, and English encouraging the workers to maintain a clean and safe worksite. Ford, who has visited other dam projects in Burma, commented that the project was one of the best-run in the country. However,

during our two-hour drive to the dam, we observed Asia World and Olympic Construction employees destroying nearby mountains while using heavy machinery to extract rock materials for the project. We observed more than 20 Asia World dump trucks transporting rock and silt to the site, traveling on newly paved roads that wound their way through what was previously a teak forest.

Comment

18. (C) Local Mandalay residents initially supported the Yei Ywa dam project, believing that the electricity generated would be used to power Mandalay and the surrounding area. However, on this visit it was clear many Mandalay residents no longer believe the GOB's promise that they will be the beneficiaries of the power produced by the dam. Many locals resent the Chinese companies' involvement in the project, and have made their concerns about the use of Yei Ywa electricity known to MEP-1. While GOB officials continue to do their best to convince the Burmese that the electricity will be used to power Mandalay, no one believes them, especially given the visible new power lines connecting the dam site to China.

RANGOON 00000818 003.2 OF 003

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